USER GUIDE 360T SEF

TEX MULTIDEALER TRADING SYSTEM

USER GUIDE 360T SWAP EXECUTION FACILITY
FOR THE MARKET TAKER

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1 INTRODUCTION

In July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank" or the "Act") was signed into U.S. federal law. The Act made changes to the financial regulatory environment in America as a way of promoting financial stability by, among other things, improving accountability and transparency in the financial system. Within the Act, Title VII concerns regulation of the over-the-counter swaps markets, which requires certain OTC derivative and FX instruments to be traded on a regulated SEF.

360 Trading Networks Inc. (360T Inc.) offers a SEF venue for such transactions captured under this definition. At present, this applies to FX options and FX non- deliverable forward and Swap (NDF and NDS) instruments traded by persons identified as U.S. entities or which fall under the definitions within the Act. 360T Inc.'s SEF services will enable clients to comply with their own Dodd Frank regulatory obligations and will retain the ability for clients to trade with greater transparency and enhanced control at every stage of the trading lifecycle.

Once a client is considered by 360T to be SEF relevant, users can only trade NDF, NDS and FX Options on the SEF. U.S. clients and entities trading with U.S. clients are blocked from trading these instruments if not enabled on the SEF. The required forms have therefore to be complete as well as the administrative information within the 360T administration tool.

This user manual describes the functionality available for the Market Participant trading as Market Taker under the 360T Swap Execution Facility ("360T SEF"). This means on one side the administrative functions to complete in the system prior to being able to trade under the 360T SEF, as well as the actual trading of the transactions falling under the regulation.

The 360T SEF platform is embedded in the 360T trading platform, so that an entity defined as trading NDF/NDS and FX Options under the SEF can still trade all other products under the non SEF platform. This user manual only describes the SEF relevant part. Please refer to the general 360T user manuals for all non SEF business.

All SEF related items (platform functions, entity names, products etc.) are displayed in green color in the user interface and "SEF" in superscript.

For US participants, the provider list will only contain the counterparties which have also signed the SEF participation agreement and set up the SEF reporting parameters. Thus, you will make sure that you comply with the rules defined by the regulator.

For non US participants, the provider list can include US and non US counterparties. By showing the SEF label, the requester will be informed that a trade done with such provider will be reported under the regulation.

The following table shows under which conditions a trade will be considered as done on the SEF or done off the SEF.

Requester	Provider	SEF / OFF SEF
Is US Person	Is US Person	SEF
	Is not US Person	SEF
Is not US Person	Is US Person	SEF
	Is not US Person	OFF SEF

For all cases marked as SEF above, the following prerequisites must be fulfilled:

- Company has provided 360T with its LEI
- Company is SEF enabled by 360T
- SEF Reporting parameters have been keyed in both for Company and Traders.

2 SEF REPORTING PARAMETERS

Under the Dodd Frank Act regulation, required transaction creation data must be reported to a Swap Data Repository (SDR). In addition, data is reported to the National Futures Association (NFA) in order to conduct trade practice and market surveillance on behalf of the 360T SEF. The data transmitted to the SDR and the NFA are trade execution parameters as well as activity data in general about who is trading and what is traded. For this, some participant specific data needs to be completed by the company and users.

Once the SEF participation agreement has been signed with 360T Inc., users will have been named to 360T's support services and given the according Administration rights to complete required parameters.

The functionality "SEF Data" to enter the required data can then be found under the Administration menu.

Required fields are displayed in bold letters. As long as a field is shown in red colour the data is incomplete and can't be saved.

Each company and user set up by 360T's services on the platform is already associated to a country. Depending on that information, some fields might not be required. For example, if you are a UK entity but have signed the SEF participation agreement in order to be able to trade with US participants, then you will not be required to enter a SSN.

Once all data has been provided, the user will see all SEF enabled banks when opening a product definition for an NDF, NDS or FX Option.

If the data is incomplete, the user will not be able to trade on the SEF.

3 TRADING NDF/NDS AND FX OPTIONS AS REQUEST FOR QUOTE ON THE SEF

Once SEF specific reporting data is defined, NDF, NDS and FX Options can be traded with the banks that have also completed the SEF on-boarding.

3.1 NDF

Non deliverable forwards are outright contracts for non-convertible foreign currencies, which are cash-settled by using the difference between the agreed forward rate and the spot rate on the fixing date, which is usually 2 working days before the settlement date.
The workflow supported in 360T's SEF only concerns the execution of the NDF. Once NDF will be subject to clearing, further information will be completed in this manual. The settlement of the NDF always takes place offline between the counterparties.

An FX Non deliverable forward (NDF) product definition is opened after selecting the product NDF in the product selection area and after clicking on a price in one of the FX Live Pricing.

The product definition screen will already include predefined data corresponding to the selection in the live pricing screen. For example, the currency pair and the effective date correspond to that selection.

3.2 NDS

Non-deliverable swaps traded on 360T SEF can be considered as two linked non-deliverable forwards with opposite actions.

The workflow supported in 360T's SEF only concerns the execution of the NDS. Once NDF will be subject to clearing, further information will be completed in this manual. The settlement of the NDS always takes place offline between the counterparties.

An FX Non deliverable swap (NDS) product definition is opened after selecting the product NDS in the product selection area and after clicking on a price in one of the FX Live Pricing.

The product definition screen will already include predefined data corresponding to the selection in the live pricing screen. For example, the currency pair and the effective periods correspond to that selection.

3.3 FX Options

360T supports requests in first generation options, calls and puts and combinations of 2 options (zero premium or standard risk reversal or a request with two legs), European and American style.

Option pricing can be requested for live pricing or with a separate spot delta hedge.

3.3.1 Plain Vanilla FX Option / FX Risk Reversal / Zero Cost / Strategy option

In addition to plain vanilla, it is possible to request combinations of 2 options.

Pre-configured strategies to create a standard risk reversal or a zero-cost option are accessible over the menu Transaction.

To request a zero-premium option, the user requests the strike for the first option of the combination and the bank will quote the strike of the second option.

In case of a standard risk reversal, the user will request a given strike for both options and the bank will quote the premium, similar to plain vanilla options

Further freely configurable combinations of two plain vanilla options can be requested via the menu Transaction, FX Options, Option Strategies. The product definition is similar to the risk reversal product definition, except that any combination of 2 options can be defined.

4 COMPETITIVE BIDDING AND TRADE EXECUTION

Once a product definition is complete, clicking to Send will send the request for quote stream to the swap dealers defined in the provider list.

Regulation 37.9(a)(3) (17 CFR 37.9(a)(3)) requires that a request for quote for a Required Transaction has to be transmitted to no less than three market participants. Therefore, if the requester is a US person, the user has to select a minimum of three banks in his provider list. Else a message will be displayed, preventing the request for quote to be sent.

Note: For Permitted Transactions, submitting a request for quote to a minimum of three market makers is not required. Once NDF/NDS and/or FX Options are mandated for clearing, this rule will be enforced.

Depending on the type of product, on the currency pair, the requested amount and tenor, prices will be returned immediately or within a few seconds. Very illiquid products or products requiring manual intervention on the market maker side might take much longer. In such cases, it might be necessary to extend the request time, which can be configured at the bottom right of each product definition.

The provided quotes are automatically sorted by best price on top. By clicking on the Counterpart column, the sorting can be changed to alphabetical sorting.

In case of 2-way requests, the quotes will be sorted by best spread on top (or in other words best bid and best offer).

By placing the mouse over a provided price, the details of the price (if available) and the P&L compared to the best price will be displayed in a tooltip.

A pre-trade mid-mark market rate (PTMMM) can be visualized over the tooltip as well.

The execution of the trade is triggered by clicking (or double-clicking depending on the user settings) on one of the displayed price.

Upon confirmation of the bank, a ticket automatically shows up, displaying all details of the executed trade, including competitive bids.

The competitive bidding analysis clearly demonstrates that execution was done at best (or not). It shows a full list of the quotes of all requested banks, sorted by best to worst and including a P&L compared to the best quote. It also includes banks that were requested but did not reply with a quote.

Optionally, a post-trade tab is displayed on the trade ticket, in order to complete the trade with customer specific fields required to book a trade post-trade in the requester's back end system.

5 SEF ORDER BOOK

The SEF Order Book allows the SEF enabled users to place limit orders that can be viewed by all other users registered as SEF Participants with 360T.

All users can view all orders placed in the SEF Order Book. Execution is only possible between entities that have a counterparty relationship with each other.

Orders displayed in black can be executed. Orders displayed in grey with obfuscated Company name are only indicative, as they originate from market participants without a relationship to the entity looking at the order book.

Orders for NDF, NDS and FX Options are supported in the SEF Order Book.

A new order can be placed either by selecting New in the File menu, or by using the button in the toolbar.

360T does not automatically match orders and the execution remains under the control of the market participants. If an order is displayed as tradable (in black), the user can execute it without placing an opposite order in the user interface but by marking it, opening the context menu over the right mouse click and then selecting Execute; or by opening it with a double- click and then clicking the Execute button.

The SEF Order Book and the Request for Streamed quotes (RFS) process interact in the following way:

If a RFS matches one or several orders in terms of: Action, Currency Couple, Effective Date and Maturity Date, Fixing Reference/Expiry and the notional is equal to the amount in the Limit Order and also the notional currency is the same as in the limit order then the **best executable** limit rate will be displayed in the competitive bidding window. In addition the **best indicative** limit rate will also be displayed in the RFS window if it is better than or equal to the best executable limit rate. A rate is considered indicative (non executable), if no relationship to the company submitting the limit order exist.

Limit orders cannot be partially filled.

All orders placed in the SEF order book expire at the end of the trading day, i.e. at 5pm New York. A placed order can be canceled or amended by any user in the same company as the user who has entered the order.

To comply with the timing delay described in section 37.9 of the regulation, an order has to be 15 seconds in the system before a user can cancel it.

6 CONTACTING 360T

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